

## Message Text

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PAGE 01 STATE 015443

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ORIGIN EA-10

INFO OCT-01 ISO-00 EB-07 L-02 COME-00 TRSE-00 STR-01 AGR-05

AID-05 CIAE-00 INR-07 NSAE-00 RSC-01 /039 R

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO AMEMBASSY TOKYO

AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 015443

E.O. 11652:GDS

TAGS: EGEN, ETRD, RP

SUBJECT: VIRATA MEETING WITH UNDER SECRETARY ROBINSON

SEOUL FOR LESTER EDMOND

1. FINANCE SECRETARY VIRATA, ACCOMPANIED BY CHARGE  
BELISARIO AND FIRST SECRETARY ARGUELLES, MET JANUARY 20  
WITH UNDER SECRETARY FOR ECONOMIC AFFAIRS, CHARLES ROBINSON;  
ACTING LEGAL ADVISOR ALDRICH; OTHER DEPTOFFS, FOR COURTESY  
CALL AND BRIEF BUSINESS DISCUSSION. MAIN SUBSTANTIVE POINTS  
AS FOLLOWS.

2. TO VIRATA INQUIRY ON PROSPECTS FOR RESUMPTION OF  
NEGOTIATIONS, MR. ROBINSON NOTED THAT TRADE ACT PROCEDURES  
WILL MEAN SOME DELAY IN THE MULTILATERAL TRADE NEGOTIATIONS.  
VIRATA ASKED IF SEPTEMBER OR OCTOBER WOULD BE APPROPRIATE  
TIME FOR BILATERAL TRADE TALKS. DEPTOFFS REPLIED THAT IT  
SHOULD BE POSSIBLE TO PROCEED BEFORE THEN, NOTING THAT LIST  
OF TARIFFS BEING CONSIDERED FOR NEGOTIATION AT MTN ALREADY  
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PAGE 02 STATE 015443

SUBMITTED TO INTERNATIONAL TRADE COMMISSION, WHICH SHOULD

REPORT BACK IN JULY. THERE IS SOME POSSIBILITY OF RESPONSE BEFORE THAT TIME. NO FINAL DECISION ON GSP LIST HAS YET BEEN MADE HOWEVER, ALTHOUGH WE EXPECT TO BE ABLE TO SUBMIT IT TO ITC SHORTLY. VIRATA DID NOT PRESS TO SPEED UP PROCEDURES.

3. MR. ALDRICH COMMENTED THAT THERE ARE OTHER ISSUES THAT COULD BE DISCUSSED AT ANY TIME, BUT WE UNDERSTOOD GOP WANTED TO WAIT UNTIL TRADE NEGOTIATIONS POSSIBLE. VIRATA SAID THAT THEY HAD CONCLUDED IT WISE TO KNOW THE POSSIBILITIES FIRST TO AVOID DISAPPOINTMENTS. ALSO SAID GOP FELT IT MUST COORDINATE TRADE NEGOTIATIONS WITH U.S. WITH TRADE NEGOTIATIONS WITH JAPAN, GIVEN THAT JAPAN WOULD BENEFIT FROM ANY PHILIPPINE CONCESSIONS ON MANUFACTURED PRODUCTS. THEY HAD RAISED SUBJECT WITH JAPANESE, BUT LATTER HAD NOT RESPONDED. THEY UNDERSTOOD JAPANESE ALSO WAITING TO SEE SHAPE OF U.S. APPROACH ON TRADE NEGOTIATIONS

4. MR. ROBINSON NOTED U.S. INVESTMENT CONCERNS AND ASKED VIRATA'S VIEW ON THAT SCORE. VIRATA REPLIED THAT SOME U.S. FIRMS HOPE TO RETAIN FORMER PRIVILEGES, ALTHOUGH NEW INVESTORS SEEM TO OFFER NO PROBLEM. HE SAID GOP THINKS IT PREFERABLE TO PUT ALL FOREIGN INVESTORS ON EQUAL BASIS SO NO GROUP STANDS OUT TO ATTRACT CRITICISM AS HAD ALREADY HAPPENED IN PAST. IN THIS CONNECTION HE NOTED GROWING U.S. SENSITIVITY TO ARAB INVESTMENT. MR. ROBINSON STRESSED HIS OWN BELIEF IN NEED FOR U.S. INVESTORS TO DISPLAY SENSITIVITY TO HOST COUNTRY CONCERNS, NOTING THAT IN A PANEL DISCUSSION LAST YEAR ON INVESTMENT HE HAD FOUND HIMSELF IN FULL AGREEMENT WITH A PHILIPPINE SPEAKER ON THIS MATTER. ON THE OTHER HAND HE OBSERVED THAT FIRMS NEED LONG-TERM STABILITY IN ORDER TO MAKE MAXIMUM CONTRIBUTION TO SOCIAL NEEDS.

5. MR. ROBINSON NOTED U.S. CONCERN OVER COTTON CONTRACTS. VIRATA SAID PROBLEM HAD BEEN RAISED WITH HIM, THAT PHILIPPINE TEXTILE INDUSTRY IN DIFFICULT SITUATION, AND HE DID NOT KNOW IF IT COULD ABSORB ALL THE COTTON UNDER CONTRACT. HE EXPRESSED HIS HOPE THAT PROBLEM COULD BE RESOLVED. HE INDICATED THAT MOST OF THEIR COTTON WAS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 015443

PURCHASED WITH CCC CREDITS AND WONDERED IF REPAYMENT COULD BE STRETCHED OUT OVER A LONGER PERIOD. HE ALSO COMMENTED THAT THE PHILIPPINES HAD PREVIOUSLY OBTAINED COTTON THROUGH PL-480, BUT THAT THIS SOURCE NO LONGER SEEMED AVAILABLE.

6. IN DISCUSSION OF PHILIPPINE ECONOMY VIRATA DESCRIBED 1974 PERFORMANCE ALONG LINES CONTAINED MANILA 775, CITING

SMALL SURPLUS IN OVERALL BALANCE OF PAYMENTS, INFLATION  
RATE OF 30 FOR YEAR, DOWN TO 22 FOR DECEMBER, GROWTH  
FIGURE OF ABOUT 5.5 PER CENT. ALSO DESCRIBED IN SOME  
DETAIL SUCCESS GOP HAD ACHIEVED IN REDUCING PETROLEUM  
CONSUMPTION IN 1974 BY EIGHT PER CENT COMPARED TO 1973  
THROUGH TAX AND PRICE INCREASES.

7. IN CLOSING DISCUSSION MR. ROBINSON STRESSED CONTINUED  
U.S. INTEREST IN LDCS. DESPITE POLITICAL LIMITS THAT  
HAVE REDUCED EARLIER ENTHUSIASM FOR FOREIGN ASSISTANCE, HE  
FELT NEW APPROACHES WOULD BE FOUND TO PROVIDE CONTINUED  
DEVELOPMENT ASSISTANCE, ESPECIALLY TO AGRICULTURE.

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